

Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ISO-00 SAM-01 SP-02 EB-03 INR-10 IO-03

L-02 PM-03 NSC-07 NSCE-00 DODE-00 CIAE-00 TRSE-00

DLOS-03 FEAE-00 CIEP-01 DRC-01 RSC-01 /065 W

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R 120915Z JUL 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 3314

INFO AMEMBASSY CARACAS

AMEMBASSY SAIGON

S E C R E T JAKARTA 8622

LIMDIS

CARACAS FOR LOS DELEGATION

E.O. 11652: GDS

TAGS: ENRG, PBOR, VN, ID, VS

SUBJECT: ENERGY/LOS: GVN-GOI CONTINENTAL SHELF DISPUTE

REF: A. SAIGON 8638 (NOTAL); B. JAKARTA 7993; C. SAIGON
9062 (NOTAL)

1. SUMMARY. DURING LAST TWO WEEKS PERTAMINA HAS CONTACTED THREE COMPANIES (TWO U.S. AND ONE CANADIAN) TO DISCUSS COMPANIES' INTENTIONS TO OPERATE IN DISPUTED AREA. IN CASE TWO U.S. COMPANIES, PERTAMINA APPARENTLY SATISFIED WITH EXPLANATION THAT COMPANIES DID NOT PLAN TO WORK IN DISPUTED AREA UNTIL AFTER GOI-GVN DISAGREEMENT RESOLVED. DISCUSSIONS CONTINUE WITH CANADIAN COMPANY. RECENT CONVERSATIONS INDICATE GOI-PERTAMINA INTEND TO APPLY COUNTERVAILING PRESSURE ON COMPANIES AS A RESULT OF GVN LETTER TO AGIP AND DO NOT INTEND TO RESUME TECHNICAL LEVEL DISCUSSIONS UNTIL AFTER LOS CONFERENCE. EMBASSY HAS RECEIVED UNCONFIRMED REPORT THAT AGIP SIGHTED GVN GUNBOATS IN DISPUTED AREAS.

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GIVEN APPARENT DRIFT TOWARD ESCALATION, WE BELIEVE

IT DESIRABLE FOR GOI AND GVN TO TAKE
ADVANTAGE JOINT PRESENCE IN CARACAS TO ESTABLISH BASIS
FOR FUTURE DIALOGUE. OUR READING HERE, HOWEVER,
INDICATES INDONESIA WILL EXPECT GVN TO TAKE INITIATIVE.

END SUMMARY.

2. AS SUGGESTED REFTEL A, EMBOFF MET G A BURTON
MORNING JULY 1. BURTON (SHELL U.S.) EXPLAINED BACK-
GROUND HIS VISIT AND APPROACH HE PLANNED TO TAKE WITH
GENERAL SOEKAMTO, CHIEF OF PERTAMINA'S FOREIGN
CONTRACTORS COORDINATING DIVISION, I.E., TO ACKNOWLEDGE
THAT SHELL (U.S.) HAD BEEN AWARDED TWO BLOCKS (4 AND 11)
WHICH INCLUDE SMALL OVERLAP IN DISPUTED AREA, BUT
DID NOT PLAN TO WORK IN AREA UNTIL GOI AND GVN
RESOLVED DIFFERENCES. DUE COMMUNICATIONS
DIFFICULTIES, BURTON UNABLE CONTACT EMBOFF TO
REPORT OUTCOME OF MEETING BEFORE DEPARTING JAKARTA
BUT DID SEND FOLLOWING BRIEF TELEX REPORT FROM HONG
KONG, "THINK MEETING WENT WELL. NO OBVIOUS
PROBLEMS." LOCAL SHELL EXPLORATION MANAGER, WHO
PARTICIPATED IN MEETING, TOLD EMBOFF JULY 9 THAT
PERTAMINA OFFICIAL "CONVEYED WISH THAT SHELL NOT
OPERATE IN DISPUTED AREA", SEEMED SATISFIED WITH EX-
PLANATION SHELL'S INTENTIONS AND "EXPRESSED
AMAWEMENT AT LETTER GVN SENT TO AGIP."

3. ON JUNE 29, MANAGER JENNEY INDONESIA JOINT
VENTURE RPORTED SANTA FE DRILLING (SANTA FE HAD
SUBSTANTIAL INTEREST IN JENNEY PRODUCTION SHARING
CONTRACT) WAS INVITED TO MEET WITH GENERAL SOEKAMTO
TO DISCUSS "SANTA FE INVOLVEMENT IN DISPUTED WATERS".
ACCORDING TO JENNEY MANAGER, SANTA FE ASKED TO MEET
DUE TO SANTA FE INTEREST IN SUNNINGDALE GROUP AND
ERRONEOUS REPORT IN RECENT ISSUE OCEAN OIL WEEKLY
THAT SUNNINGDALE AWARDED BLOCK IN DISPUTED AREA.
AT JULY 4 MEETING SANTA FE REP INFORMED PERTAMINA
OCEAN OIL REPORT INCORRECT AND THAT SANTA FE/SUNNINGDALE
DID NOT PLAN WORK OVERLAP AREA UNTIL DISPUTE SETTLED.
SANTA FE MANAGER TOLD EMBOFF JULY 9 THAT SANTA FE/
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PERTAMINA, LIKE SHELL/PERTAMINA, MEETING WENT WELL
WITH PERTAMINA ACCEPTING SANTA FE EXPLANATION OF
INTENTIONS.

4. JENNEY MANAGER ALSO MENTIONED THAT BOW VALLEY
INTERNATIONAL (CANADA) MANAGER, WHICH HAS
OPERATIONS IN SUMATRA, ALSO RECENTLY CONTACTED BY
PERTAMINA. JENNEY MANAGER GAVE EMBOFF COPY OF BOW

VALLEY JAKARTA TELEX (SEPTTEL) TO HEAD OFFICE
REPORTING DEVELOPMENTS INCLUDING: 1) PERTAMINA
LETTER (JUNE 22) TO BOW VALLEY STRONGLY ADVISING
BOW VALLEY TO WITHDRAW PARTICIPATION IN SUNNINGDALE
CONTRACT; AND 2) TEXT OF PERTAMINA LETTER DATED JUNE 12 SIGNED
BY GENERAL IBNU (PERTAMINA'S PRESIDENT DIRECTOR) SENT
TO ALL CONTRACTORS OF PERTAMINA STRONGLY ADVISING
CONTRACTORS NOT TO APPLY FOR CONCESSIONS IN DISPUTED
AREA.

5. ON JULY 3, EMBOFF DISCUSSED CONTINENTAL SHELF ISSUE
WITH PERTAMINA OFFICIALS GENERAL SOEKAMTO AND TRISULO
(DIRECTOR FOR EXPLORATION AND PRODUCTION). (FYI:
GENERAL SOEKAMTO, WHO WAS PREVIOUSLY ALSO CHIEF OF
GOI TECHNICAL TEAM FOR GVN-GOI TALKS, HAS BEEN ILL
AND EVIDENTLY HAS PASSED BASIC RESPONSIBILITY TO
IR TRISULO. END FYI) EMBOFF ASKED TRISULO, IN
GENERAL SOEKAMTO'S PRESENCE, IF THERE WAS SUBSTANCE
TO RUMORS THAT PERTAMINA HAD OR INTENDED TO RENEW
INVITATIONS TO GVN FOR CONTINENTAL SHELF TALKS.
TRISULO SAID THAT TO HIS KNOWLEDGE, NO NEW INVITATION
HAD BEEN SENT NOR WAS ONE PRESENTLY PLANNED (THUS TENDING
CONFIRM REPORT REFTTEL C.)

6. IR SOEMBARJONO (GOI DIRECTORATE OIL AND GAS-
MIGAS) AND MEMBER LOS TEAM WHO EXPECTS LEAVE NEXT WEEK
FOR CARACAS, TOLD POL COUNSELOR AND EMBOFF JULY 11 HE
HEARD FROM PERTAMINA SOURCE THAT AGIP REPORTED PRESENCE
GVN GUNBOATS IN AGIP AREA. AGIP, WHICH IS NOW
DISCUSSING FUTURE WORK PROGRAM WITH PERTAMINA
INCLUDING SEISMIC EXPLORATION OPERATIONS IN DISPUTED
AREA, REPORTEDLY ASKED PERTAMINA ABOUT TWO WEEKS AGO
(AFTER RECEIPT GVN LETTER) IF PERTAMINA WOULD AGREE TO
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SWAP AREA AGIP RELINQUISHED IN NON-DISPUTED AREA FOR
AGIP CONTRACT AREA IN DISPUTED WATERS. GENERAL IBNU
REPORTEDLY REJECTED AGIP REQUEST ON GROUNDS "THOSE
ARE OUR WATERS".

7. COMMENT: IT APPEARS THAT GVN LETTER TO AGIP
STIRRED UP HORNETS NEST AND THAT GOI/PERTAMINA PLAN
EXERT PRESSURE ON COMPANIES THAT
HAVE INTERESTS IN BOTH INDONESIA AND OFFSHORE
VIET NAM. GIVEN HEIGHTENED INDONESIAN SENSITIVITIES
AND POSSIBLE PRESENCE GVN GUNBOATS IN DISPUTED AREA,
IT WOULD APPEAR INCREASINGLY DESIRABLE FOR GOI AND GVN
DELEGATIONS TO USE OPPORTUNITY JOINT PRESENCE IN CARACAS
TO ESTABLISH BASIS FOR FUTURE
DIALOGUE. OUR IMPRESSION IS, HOWEVER, GOI WILL EXPECT

GVN TO TAKE INITIATIVE.

NEWSOM

NOTE BY OC/T: DISTRIBUTION COORDINATED WITH S/S-O

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